



# Prairie Central Railway Company

217/422-9972 -- 1600 N. RAILROAD AVENUE

P.O. BOX 2249 -- DECATUR, ILLINOIS 62526

21 March 1983

3-088A083 13992

RECORDATION NO. .... Filed 1425

Ms. Agatha Mergenovich, Secretary  
Interstate Commerce Commission  
Room 2215  
Washington, D. C. 20423

ATTN: Ms. Mildred R. Lee

No. ....  
Date **MAR 29 1983**  
Fee \$ 50.00  
ICC Washington, D. C.

MAR 29 1983 11 23 PM

INTERSTATE COMMERCE COMMISSION

RECEIVED  
OPERATION BR.  
MAR 29 1983

Dear Ms. Lee:

Prairie Central Railway Company has purchased two GE locomotives and attached, in duplicate, is the Security Agreement fully executed by Prairie Central Railway Company and Mercantile Trust Company of St. Louis, Missouri.

The names of the parties involved in this transaction are:

1. Seller - U. S. Rail Services, Inc.  
633 Battery Street, San Francisco, Ca. 94111  
Attn: David A. Summers, Senior Vice President
2. Secured Party - Mercantile Trust Company  
1 Mercantile Tower, St. Louis, Mo. 63101  
Attn: Dean E. Bradley, Vice President
3. Debtor - Prairie Central Railroad Company  
217 Oak Drive, New Lenox, Il. 60451  
Attn: Craig E. Burroughs, President

A general description of what I am filing is an agreement between all parties for purchase and financing of two GE Locomotives #2883 and #2885. This agreement establishes responsibility and obligations of the debtor to the secured party.

This is sent to you for filing and upon completion of same, please notify this office of date and time this has been accomplished.

Sincerely,

Gus C. Parker  
Vice President  
General Manager

GCP:rm

Enclosures

25 March 1983

Ms. Lee, attached is check \$50.00 per our conversation this date.  
This is for filing fee on above.

Gus C. Parker  
Gus C. Parker

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

**3/29/83**

**OFFICE OF THE SECRETARY**

Gus. C. Parker  
Vice President & Gen. Manager  
Prairie Central RYW. Co.  
1600 N. RR Ave. P.O. Box 2249  
Decatur, Illinois 62526

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/29/83 at 11:55am , and assigned re-recording number(s). 13992

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

SECURITY AGREEMENT

MAR 29 1983 - 11 12 PM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT (this "Agreement") is made and dated as of the first day of February, 1983, and is granted to MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, a national banking association ("Secured Party") by PRAIRIE CENTRAL RAILROAD COMPANY ("Debtor").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees as follows:

1. Grant of Security Interest. Debtor hereby grants to Secured Party a security interest under the Uniform Commercial Code, as enacted and from time to time in effect in the State of Missouri ("UCC"), in the property described in Paragraph 2 below (the "Collateral") to secure payment and performance of the obligations of Debtor to Secured Party described in Paragraph 3 below (the "Obligations").

2. Collateral. The Collateral shall consist of the following:

(a) Two General Electric Corporation 3000 HP Model U30B Diesel-Electric Locomotives, bearing official Road Numbers 2883 and 2885, any and all additions or accessions thereto or substitutions therefor (individually an "Item" and collectively, the "Equipment"); and

(b) Any and all proceeds (but without power of sale) of the conversion, voluntary or involuntary, of all or any portion of the Equipment now or from time to time hereafter subject or required or intended to be subject to the lien of

this Agreement and any cash, negotiable instruments or other instruments for the payment of money, chattel paper, security agreements, documents, liquidated claims or any form of proceeds (including proceeds of insurance and of any governmental takings) arising therefrom or in connection therewith.

The lien of this Agreement is the only lien permitted by this Agreement to exist on or in respect of the Collateral.

3. Obligations. The Obligations of Debtor secured by this Agreement shall consist of any and all debts, obligations and liabilities of Debtor to Secured Party rising out of, connected with or related to this Agreement, including, without limitation, Debtor's obligations under the Promissory Note making reference to this Agreement from Debtor to Secured Party (the "Note"). The obligations shall also include interest, penalties, damages, costs and expenses (including reasonable attorneys' fees and court costs) incurred or suffered by Secured Party as the result of any default by Debtor under or in connection with any of the Obligations.

4. Representations and Warranties. Debtor hereby represents and warrants that:

(a) Debtor is a corporation, duly organized and validly existing under the laws of the state of its incorporation and is duly qualified, licensed and in good standing in all jurisdictions in which qualification and licensing is necessary to enter into and perform its Obligations;

(b) the execution and delivery of the Note and this Agreement and all documents entered into in connection there-

with have been duly authorized by all necessary corporate or other action and do not require the consent, approval or withholding of objection by any person, party or governmental agency and the Note and this Agreement and such other documents constitute the legal, valid and binding obligations of Debtor enforceable against Debtor in accordance with their respective terms;

(c) the execution of the Note and this Agreement by Debtor and the performance thereof do not violate any agreement to which Debtor is a party; and no agreement (other than this Agreement) to which Debtor is a party or by which its property may be bound or affected, creates or imposes any lien on the Collateral;

(d) Debtor is the owner of the Equipment and no person, entity, agency or government (other than Secured Party) has any right, title, claim or interest (by way of security interest or other lien or charge or otherwise) in, against or to the Collateral; and

(e) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the financial condition of Debtor or the Collateral (including, without limitation, Debtor's statements relating to its intended use, operation and maintenance of the Equipment) is true and correct.

5. Covenants of Debtor. In addition to all covenants and agreements of Debtor set forth in Obligations or made in connection therewith, which are incorporated herein by this reference, Debtor hereby agrees:

(a) to do all acts that may be necessary to maintain, preserve and protect the Collateral;

(b) not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement, or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;

(c) to pay promptly when due all taxes (including sales, use and property taxes due on or at the time of acquisition of the Equipment by Debtor), assessments, charges, encumbrances and liens now or hereafter imposed upon, in respect of or therewith affecting the Collateral;

(d) at its sole expense, (i) to cause this Agreement and any amendments thereto to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, (ii) to cause financing statements and other forms of notice relating to this Agreement and any amendments thereto to be filed or recorded in such other places within or without the United States as Secured Party may reasonably request and (iii) Debtor will from time to time, do and perform any other act and execute, acknowledge, deliver, file, register and record (and refile, reregister or re-record whenever required) any and all further instruments required by law or reasonably requested for the purpose of protecting Secured Party's security interest in the Collateral or any Item to the satisfaction of Secured Party;

(e) Debtor shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear and shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted. Debtor shall not modify any Item without the prior written authority and approval of Secured Party. Any improvements, additions or parts or appliances added to or installed in the Equipment shall be subject to the lien of this Agreement;

(f) all inspections required by law or necessary in connection with the maintenance and condition of the Equipment will be conducted by proper and qualified parties in a timely manner including without limitation, all inspections pursuant to rules and recommendations of the Federal Railway Administration and the United States Department of Transportation. Debtor shall deliver to Secured Party copies of all reports and other records relating to such inspections and at its sole cost and expense shall perform all servicing, maintenance, renovation and repair required to remedy any defect or condition therein revealed;

(g) Debtor shall keep and maintain complete and accurate records of all railroad car loadings on lines of Debtor or in respect of which Debtor is to receive compensation and shall report such information to Secured Party on forms and pursuant to procedures agreed to between Debtor and Secured Party as frequently as every two weeks during the term of this Agreement, as required by Secured Party;

(h) Secured Party or its representative shall have the right to inspect the Collateral and all records pertaining to the use, operation or condition of the Equipment at such reasonable times as Secured Party may request and Debtor shall cooperate to make the Equipment and such records available for such inspection;

(i) Debtor has purchased the Equipment from Secured Party on an AS-IS WHERE-IS basis without representation or warranty of any nature as to its location, use or of Secured Party's title thereto or any other matter similar or dissimilar to any of the foregoing. Debtor has entered into this Agreement with the understanding and agreement that it shall not have nor shall it assert at any time, any claim, set-off, counterclaim or defense of any nature to its Obligations. Regardless of the condition of the Equipment upon delivery to Debtor, Debtor shall immediately perform all repairs, maintenance and renovation at its sole cost and expense so that the Equipment is properly restored to the condition in which it is required to be maintained under this Agreement;

(j) to appear in and defend any action or proceeding which may affect its title to or Secured Party's interest in the Collateral;

(k) not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent or otherwise dispose of or transfer any Collateral or right or interest therein and to keep the Collateral free of all levies and



security interests or other liens or charges except those approved in writing by Secured Party;

(l) to insure the Collateral, with Secured Party named as loss payee, in form and amounts, with companies, and against risks and liabilities satisfactory to Secured Party, and Debtor hereby assigns the policies to Secured Party, and agrees to deliver to Secured Party concurrently with the execution of this Agreement, a copy of the policy of insurance, as approved by Secured Party and a certificate of the insurer confirming that Secured Party is the sole and exclusive loss payee under such policy, and Debtor agrees that Secured Party may make any claim thereunder, collect and receive payment of and endorse any instrument in payment of loss or return premium or other refund or return, and shall apply such amounts received, at Secured Party's election, to replacement of the Collateral or to payment of Obligations;

(m) to furnish Secured Party: (i) a fiscal year end financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days after the close of each fiscal year (which statement shall be audited by a nationally recognized accounting firm, if such statement is available in audited form), and (ii) any other information normally provided by Debtor to the public or its material creditors; and

(n) not to change the road numbers or any other Interstate Commerce Commission identifying marks on or relating to the Equipment without the express written consent of Secured

Party and in accordance with Debtor's responsibilities under part (d) of this Paragraph to cause a written statement of such changes to be filed and recorded in all places where this Agreement or notice thereof is to be filed and recorded.

6. Authorized Action by Secured Party. Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact to do (but Secured Party shall not be obligated to and shall incur no liability to Debtor or any third party for failure to do so) any act which Debtor is obligated by this Agreement to do, and to exercise such rights and powers as Debtor might exercise with respect to the Collateral for the account of and at the sole cost and expense of Debtor, including, without limitation, the right to:

(a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;

(c) insure, process and preserve the Collateral;

(d) transfer the Collateral to its own or its nominee's name; and

(e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral.

7. Releases. When the Note is paid and all Obligations of Debtor performed either at maturity of the Note or earlier, if allowed by the terms of the Note, Secured Party shall release its security interest in the Collateral by appropriate instrument. In the event one Item shall be lost or destroyed or in the opinion of Debtor and Secured Party, damaged beyond repair (such loss, destruction and damage beyond repair, as agreed, is called "Loss"), Debtor shall promptly pay to Secured Party one-half of the principal amount and accrued interest thereon under the Note for each Item suffering a Loss; and provided no event of default or event which could become an event of default hereunder has occurred and is continuing, any insurance or other payments made to Secured Party on account of the Loss will be paid by Secured Party to Debtor.

8. Events of Default. Upon occurrence of any of the following (herein referred to as "Event of Default"), the entire principal amount outstanding under the Note, and all accrued interest thereon shall at once become due and payable at the option of Secured Party:

(a) Debtor defaults in the payment of any installment of the principal of or interest on the Note as and when due and payable;

(b) Debtor fails to observe and perform each and every condition, covenant and obligation stated in this Agreement or the Obligations which is to be observed or performed by it;

(c) Debtor shall be or become insolvent or any proceeding by or against Debtor shall be instituted under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or Debtor shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Debtor or of any substantial part of its property, or the making by it of any assignment for the benefit of creditors or the failure of Debtor generally to pay its debts as such debts become due or the taking of corporate action by Debtor in furtherance of any of the foregoing;

(d) Debtor defaults in any payment to any other party under any material loan, financing, conditional sale, security or lease agreement as and when due and payable;

(e) All or any portion of the Collateral shall become valueless or in the reasonable opinion of Secured Party inadequate as security for the Obligations of Debtor.

9. Remedies of Secured Party. Upon the occurrence of any Event of Default, Secured Party may, at its option, in addition to its other rights hereunder, and without notice to or demand on Debtor and in addition to all rights and remedies otherwise available to Secured Party under the UCC, do any one or more of the following:

(a) foreclose or otherwise enforce Secured Party's security interest in any manner permitted by law, or provided for in this Agreement;

(b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Secured Party may determine;

(c) recover from Debtor all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred or paid by Secured Party in exercising any right, power or remedy provided by this Agreement or by law;

(d) require Debtor to deliver the Collateral or assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party and store the Collateral, all at Debtor's risk and without charge to Secured Party;

(e) enter onto property where any Collateral is located and take possession thereof with or without judicial process;

(f) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Secured Party deems appropriate; and

(g) to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect, as a matter of right and without regard to the adequacy of the security, to appoint or have appointed a receiver or receivers (or other similar officials) for all or any portion of the Collateral and for the rents, products, revenues and other income therefrom, with such rights,

powers, privileges and immunities as applicable law or the Court or other entity making such appointment shall confer.

The obligations of Debtor to assemble and deliver the Collateral pursuant to part (d) above, is a basic provision of this Agreement and Secured Party may apply to a Court of competent jurisdiction for and obtain specific performance of such obligations.

10. One General Obligation; Cross collateral. All loans, advances, and forbearances under this Agreement and under all agreements between the parties constitute one loan, and all indebtedness and obligations of Debtor to Secured Party under this and all other agreements, present and future, constitute one general obligation secured by the Collateral and security held and to be held by Secured Party hereunder and by virtue of all other agreements between Debtor and Secured Party now or hereafter existing. It is distinctly understood and agreed that all of the rights of Secured Party contained in this Agreement shall likewise apply insofar as applicable to any modification of or supplement to this Agreement and to any other agreements, present and future, between Debtor and Secured Party.

11. Cumulative Rights. The rights, powers and remedies of Secured Party under this Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of the UCC or any other statute or rule of law, or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's security interest in the Collateral.

12. Waiver. Any forbearance or failure or delay by Secured Party in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of Secured Party shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Secured Party. Debtor waives any right to require Secured Party to proceed against any person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

13. Binding Upon Successors. All rights of Secured Party under this Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its heirs, executors, administrators, successors and assigns.

14. Entire Agreement. This Agreement contains the entire security agreement between Secured Party and Debtor.

15. Notices. Any written notice, consent or other communication provided for in this Agreement shall be considered received when delivered or five (5) days after being sent by registered U.S. mail, with postage prepaid, to the following addresses:

Secured Party:

Merchantile Trust Company  
National Association  
One Merchantile Tower  
St. Louis, Missouri 63101

Attn: Dean E. Bradley  
Vice President

with a copy to:

United States Rail Services, Inc.  
633 Battery Street  
San Francisco, California 94111

Attn: David A. Summers  
Sr. Vice President

Debtor:

Prairie Central Railroad Company  
217 Oak Drive  
New Lenox, Illinois 60451

Attn: Craig E. Burroughs  
President

Such addresses may be changed by written notice given as provided herein.

18. Missouri Laws Applicable. This Agreement is governed by and is to be construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, Debtor has executed this Agreement on the day and year first written above.

PRAIRIE CENTRAL RAILROAD COMPANY,  
Debtor

(SEAL)

By Craig E. Burroughs  
its

Accepted by:

MERCANTILE TRUST COMPANY  
NATIONAL ASSOCIATION,  
Secured Party

(SEAL)

By Dean E. Bradley  
its  
VICE-PRESIDENT



STATE OF  
COUNTY OF

)  
) SS.  
)

On this 4<sup>th</sup> day of February, 1983, before me personally appeared Craig E. Dunough, to me personally known, who being by me duly sworn, says that he is the President of PRAIRIE CENTRAL RAILROAD COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

E. Roselle May  
Notary Public

My commission expires:

STATE OF MISSOURI )  
CITY )  
COUNTY OF ST. LOUIS ) SS.

On this 15<sup>th</sup> day of FEBRUARY 1983 before me personally appeared DEAN E. BRADLEY, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Susan V. Meyer  
Notary Public  
SUSAN V. MEYER

My commission expires: JUL 1 1985